

Bureau of Insurance Statement Regarding Maine Community Health Options
October 16, 2018

CHO reported net income of \$0.3 million for the month of August (\$1.1 million more than the Plan's expected \$0.8 million loss) and its year-to-date net income at the end of August was \$32.3 million (\$18.2 million more than Plan). Total revenues YTD were \$1.5 million (0.6%) less than Plan and total expenses YTD were \$2.4 million (6.4%) less than projected in the Plan. As of August 31, 2018, the Company's total reported surplus was \$65.5 million, a \$31.7 million (94.0%) increase from December 31, 2017 and a \$0.1 million (0.2%) increase from July 31, 2018.

The Company reported bonds, cash, cash equivalents, and short-term investments in August totaling \$145.7 million, an \$83.0 million increase from the \$62.8 million CHO reported at December 31, 2017, and an increase of 2.4% over the amount reported for July. These assets exceed the Company's accrued liabilities for member and provider-related obligations and the BOI remains comfortable that CHO has the assets to meet its current obligations to members and their health care providers.

CHO had total membership of 51,945 at the end of August (80.5% individual, 16.7% small group, and 2.8% large group). This reflects a 0.9% decrease in total membership from July 31, 2018, but is 2.5% greater than Plan.

The reported percentage of Net Outstanding Claims Inventory (which is the total pending Net Submitted Amount at August 31, 2018) in the 0-30 day period (76.8%) was higher than the figure reported for July 31, 2018 (60.8%). However, the 0-60 day period inventory (86.8%) was lower than reported for July (93.0%). The BOI is monitoring the aging of the claim inventory on a weekly basis, so more recent information is available. CHO reports that as of September 30, 2018, the percentage of Net Outstanding Claim Submissions in the 0-30 period was 80.6% and in the 0-60 day period 95.6%. The decrease (from May) in the percentage of the net claim submissions in the 0-30 day period during June, July and August appears in part due to CHO's recently implemented bill review process obligating providers to submit bill itemization for large claims. During July, August and September, the payables attributable to that program were substantially reduced. The age of the average claim in CHO's inventory as of September 30, 2018 was reported to be 8.6 days and the average daily dollar amount in the net submitted claim inventory as of the end of September was the lowest for any month in 2018.

CHO's reported net income for August continues to reflect a conservative approach to claim reserving which is appropriate in light of the Company's results in the last few months of prior years. This includes the recording of a policy reserve which estimates negative claim experience expected in the latter portion of the year as members satisfy deductibles and other cost-sharing thresholds.